

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matters of

International Comparisons and Consumer Survey
Requirements in the Broadband Data
Improvement Act

GN Docket No. 09-47

A National Broadband Plan for Our Future

GN Docket No. 09-51

Inquiry Concerning the Deployment of
Advanced Telecommunications Capability to All
Americans in a Reasonable and Timely Fashion,
and Possible Steps to Accelerate Such
Deployment Pursuant to Section 706 of the
Telecommunications Act of 1996, as Amended
by the Broadband Data Improvement Act

GN Docket No. 09-137

**COMMENTS OF GENERAL COMMUNICATION, INC. –
NBP PUBLIC NOTICE # 19**

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SUMMARY

As the leading provider of broadband services to government, commercial, and residential users in Alaska, General Communication, Inc. (“GCI”) understands the importance of the universal service fund in furthering the goal of universal broadband. Due to the vast distances, severe climate, difficult terrain, and widely dispersed population, the biggest impediment to providing broadband to all of Alaska is the lack of cost-effective middle-mile connectivity. Because middle-mile deployment to much of Alaska is so expensive, broadband providers will rely at least in part on continued and expanded universal service support to justify the business case necessary to deploy and maintain facilities that will bring advanced broadband to all parts of the state.

GCI is nonetheless committed to providing modern broadband service over time to as much of Alaska’s sparsely inhabited regions as it can on an economically feasible and sustainable basis. It is clear that the economic viability of deploying terrestrial second/middle-mile facilities over the next five to ten years will depend at least in part on continued support to anchor tenants such as schools and hospitals, as well as support for last-mile networks under the high-cost and Lifeline/Link Up programs. In addition, the Commission can buttress existing customer demand by adding broadband to the list of Lifeline-supported services. Solving this business case problem may also require GCI to (i) identify lower-cost technical solutions, (ii) develop or find new middle-mile revenue streams, and/or (iii) find partners to help shoulder the deployment burden.

In these comments, GCI addresses specific questions presented in the *USF/ICC*

Public Notice:

Size of the Universal Service Fund. The four current universal service mechanisms work together to provide the stable economic environment necessary to

justify the private investment that stimulates deployment of advanced telecommunications services. Existing programs, like the E-rate and the Rural Health Care programs, are critical to continued broadband access by anchor institutions. Access to the community through these programs, in turn, drives demand for mass market access. Both the High Cost Fund and Lifeline/Link-up programs support mass market access – and contribute to defraying the cost of broadband investments. Accordingly, the Commission should not expand any particular universal program to the detriment of any other universal service program without a clear assessment of whether such changes are needed and how they relate to specific, defined universal service objectives.

Transitioning the Current Universal High-Cost Support Mechanism to Support Advanced Broadband Deployment. In many areas, GCI relies on high-cost support to construct last-mile facilities, including first-time wireless deployments, to provide rural Alaska with voice services. These supported wireless last-mile networks are easily capable of being upgraded to provide advanced broadband services once the middle mile has sufficient capacity to make the added data speeds usable. Thus, to the extent that the Commission decides to transition high-cost support for the advancement of broadband deployment, it must recognize that such networks are a necessary component of providing broadband service and will require continued universal support where the market alone will not sustain such service. In addition, the Commission can facilitate broadband service in rural, hard-to-serve areas by affirming that high-cost support for broadband facilities across all of a carrier’s high-cost areas, irrespective of service area boundaries, falls within “the provision, maintenance and upgrading of facilities and services for which support is intended” under Section 254(e) and 47 C.F.R. § 54.7.

Competitive Landscape. The Commission must continue to recognize that competition drives innovation, to the benefit of consumers. Thus, if the Commission ties new carrier of last resort obligations to universal service support for broadband (which is not necessary to achieve deployment), it should clearly define those requirements and allow any entity willing and able to meet those requirements to participate.

High-Cost Funding Oversight. Effective oversight of any broadband high-cost support must focus on the fundamental purpose of the universal service program: access to advanced telecommunications and information services at just, reasonable, and affordable rates. Thus, guided by the principles of accountability and transparency, oversight efforts must strive to maximize the benefits the fund delivers to consumers, while minimizing administrative costs and obstacles. To that end – and to prevent waste, fraud, and abuse – the Commission must first define performance goals for supported broadband service.

Lifeline/Link Up. GCI strongly encourages the addition of broadband to the list of services that the Lifeline/Link Up program supports. This would be particularly beneficial in remote areas of Alaska, providing customer-driven, demand-side assistance that can reduce the price point for broadband, increase broadband adoption rates, and, in turn, allow rural providers to expand build-outs and leverage existing infrastructure to provide advanced services. Importantly, however, for low-income consumers, broadband support should not displace support for voice service

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INTRODUCTION

As the leading provider of broadband services to government, commercial, and residential users in Alaska, General Communication, Inc. (“GCI”) understands the importance of the universal service fund (“USF”) in furthering “the goal of making broadband universally available to all people of the United States.”¹ The biggest impediment to providing broadband to all of Alaska is the lack of efficient, cost-effective middle-mile connectivity. Because middle-mile deployment to much of Alaska is so expensive, broadband providers in Alaska will rely at least in part on continued and

¹ Comment Sought on the Role of the Universal Service Fund and Intercarrier Compensation in the National Broadband Plan at 1, Public Notice, GN Docket Nos. 09-47, 09-51, and 09-137 (rel. Nov. 13, 2009) (“*USF/ICC Public Notice*”).

expanded universal service support to justify the business case necessary to deploy and maintain networks that will bring advanced broadband to all parts of the state.

In Alaska, some communities are on the road network, while others are hundreds of miles from the nearest road and accessible only by airplane, boat, or snowmobile. Population centers in these off-road communities are tiny, with larger regional hubs like Barrow and Nome boasting populations of only 4,000 and 3,500, respectively, and many isolated villages, such as Kupreanof, Kasaan, Bettles, and False Pass, having less than 50 residents. Most of these communities lack even the basic communications infrastructure present in the lower 48. Modern digital cellular phone networks, for instance, are just now coming to much of Alaska.²

Moreover, most Alaskans depend almost entirely on satellite technology to transport traffic across the middle mile. But satellite service is expensive, has limited throughput capacity and inherent latency and, thus, is not ideal for widespread, intensely used broadband services for the mass market. Satellite links simply cannot deliver economically feasible, urban-quality residential broadband Internet service. The challenge, therefore, is to replace satellite middle-mile transport with technologically and economically viable terrestrial middle-mile delivery, both within these remote, off-road regions and between these regions and the Internet backbone.

GCI is committed to providing modern broadband service over time to as many of the sparsely inhabited, off-road regions as it can on an economically feasible and sustainable basis. To that end, GCI operates, through its affiliate Unicom, Inc.

² *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services*, Thirteenth Report, 24 FCC Rcd. 6185, 6358-59 (2009) (demonstrating the dearth of digital cellular coverage in most of Alaska).

(“Unicom”), DeltaNet, which is a terrestrial microwave second-mile network in the remote Yukon-Kuskokwim Delta (“Y-K Delta”). DeltaNet was financed largely by three loans from the Rural Utilities Service’s (“RUS”) Distance Learning and Telemedicine Program. DeltaNet connects about 40 rural villages, including Eek (population 272), Tuntutuliak (population 417), and Quinhagak (population 661), to Bethel, the regional hub (population 5,665) via terrestrial microwave facilities.³ Bethel, in turn, links to the fiber network in Anchorage via two satellite networks. These terrestrial facilities significantly improve the quality of service within the region. Indeed, the majority of DeltaNet traffic is in-region, providing high-speed medical and educational services to villages surrounding Bethel. All out-of-region traffic originating or terminating on this system – to or from Anchorage, the rest of Alaska, or the rest of the United States and the world – still traverses a satellite link, thereby continuing to impede high-speed, cost-effective consumer Internet service. GCI has developed a plan to provide middle-mile connectivity from Bethel to Anchorage using a hybrid microwave/fiber network, and has applied for Broadband Initiatives Program/Broadband Technology Opportunities Program (“BIP/BTOP”) funding through its wholly owned subsidiary, United Utilities, Inc., for funding to support this plan.

GCI’s statewide vision, the TERRA project, would replicate the success of DeltaNet in four other regions up the western and northern coasts of Alaska by tying together those regional networks to each other and back to the Internet backbone in Anchorage, thus delivering for the first time middle-mile terrestrial broadband service to

³ Alaska Division of Community and Regional Affairs, Alaska Department of Commerce, Community, and Economic Development, Alaska Community Database Community Information Summaries, <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>.

villages in each of those five regions.⁴ Figure 1 below depicts the potential deployment, in addition to the existing Bethel regional microwave network.

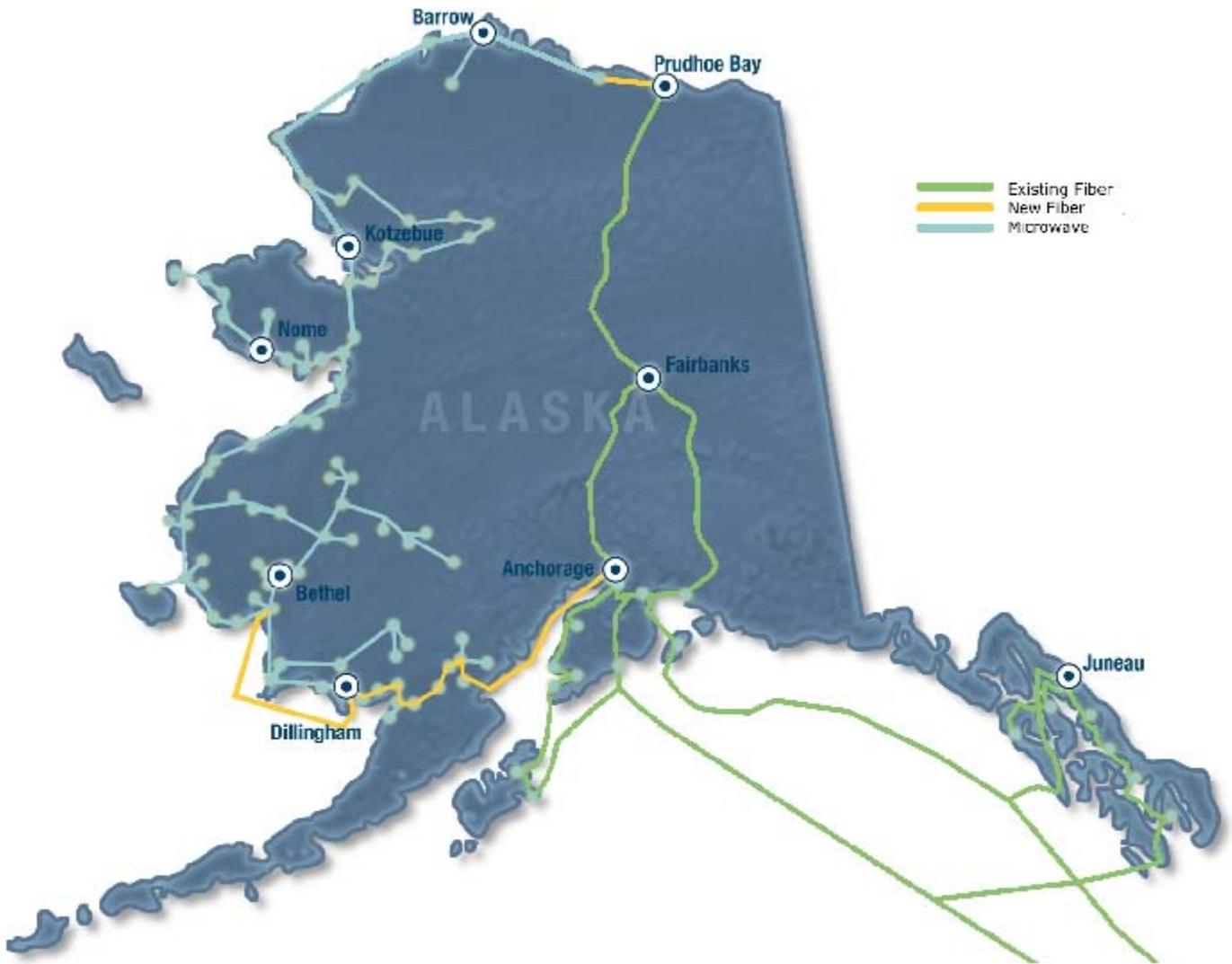


Figure 1

To make regional network infrastructure (second mile) deployment and operation in the four regions both feasible and sustainable, GCI will need anchor tenants – large health care providers, educational institutions, or government entities. But even the

⁴ In addition to expansion in the Y-K Delta (Bethel), the TERRA project will likely include Bristol Bay (Dillingham), the North Slope (Barrow and Prudhoe Bay), Norton Sound (Nome), and the Northwest Arctic (Kotzebue) regions.

revenues generated by such anchor tenants cannot sustain the business case for deployment of the terrestrial middle-mile facilities necessary to link those regional networks back to the Internet backbone in Anchorage. And residential users in the region have a limited ability to pay for terrestrial broadband service. Solving this business case problem will require continued, and potentially expanded, universal service support.

GCI now responds to specific Commission questions.

I. SIZE OF THE UNIVERSAL SERVICE FUND

The Commission asks whether the relative size of funding for the current four universal service fund (“USF”) mechanisms – high-cost, low-income (Lifeline/Link Up), schools and libraries (E-rate), and Rural Health Care – are “appropriate to achieve the objective of universalization of broadband.”⁵ As GCI has discussed in previous comments filed in this proceeding,⁶ these programs provide undeniable benefits to consumers that would not otherwise have access to advanced telecommunications services. These mechanisms work together to provide the stable economic environment necessary to justify the private investment that stimulates deployment of advanced telecommunications services. Existing programs, like the E-rate and the Rural Health Care programs, are critical to continued broadband access by anchor institutions. Access to the community through these programs, in turn, drives demand for mass market access, and the supported networks facilitate service to low-income mass-market customers via the Lifeline/Link Up program or service to difficult to serve remote areas via the high-

⁵ *USF/ICC Public Notice* at 1.

⁶ *See, e.g.*, Comments of General Communication, Inc., GN Docket No. 09-51 (filed June 8, 2009); Comments of General Communication, Inc., GN Docket Nos. 09-47, 09-51, and 09-137 (filed Nov. 4, 2009); Comments of General Communication, Inc., GN Docket Nos. 09-47, 09-51, and 09-137 (filed Nov. 9, 2009).

cost fund. Accordingly, the Commission should not expand any particular universal program to the detriment of any other universal service program without a clear assessment of when current support is beyond that necessary to achieve the Commission’s specific, defined universal service objectives,⁷ as this “rob Peter to pay Paul” plan would undermine current revenue flows already critical to broadband infrastructure deployment.

Indeed, Alaska has already seen how the Rural Health Care and E-rate mechanisms can provide invaluable health and education services which otherwise would be unavailable. For example, the Yukon-Kuskokwim Health Corporation (“YKHC”) manages a comprehensive health care system for 50 rural communities in southwest Alaska. The system includes community clinics, subregional clinics, a regional hospital, dental, optical, mental health, and environmental health services, substance abuse counseling and treatment, and health promotion and disease prevention programs.⁸ YKHC contracted with GCI for high-capacity broadband services to provide a broad range of health services to small communities in the Bethel region, including advanced high-definition video services for telepsychiatry and ophthalmology, treatments that benefit significantly from low-latency, symmetrical, highly scalable intra-regional bandwidth. Additionally, the ability to use this broadband video conferencing network for other medical encounters, family “visits” from the village to in-patients, and professional development for staff has dramatically reduced travel costs for YKHC, and freed scarce budget dollars for other uses.

⁷ As discussed below, GCI supports the adoption of specific, outcome-oriented performance measures.

⁸ Yukon-Kuskokwim Health Corporation Home Page, <http://www.ykhc.org>.

Similarly, in education, broadband and video teleconferencing can deliver better content and substantially reduce costs. Rural areas in Alaska have high levels of poverty (90 percent of students are eligible for free and reduced lunch), and the costs of delivering all elements of educational services are unimaginably high. The availability and continued federal financial support of broadband to these institutions is absolutely necessary to provide an adequate education. The Northwest Arctic Borough School District headquartered in Kotzebue, Alaska, for example, serves approximately 37,000 square miles of territory where the villages are accessible only by small aircraft or boat. E-rate support has enabled the school district to provide high-speed Internet access and distance-learning capabilities to all schools in the district. Many of the district's schools are in small villages in extremely remote locations where it is infeasible for each community to maintain even a small library with current publications and up-to-date research materials. The same is true in the Lower Kuskokwim and Yukon Koyukuk school districts in Alaska, as well as in many other regions.⁹

Notably, the success of the E-rate program is not specific to rural Alaska. The Anchorage School District has seen a dramatic turnaround in quality of education since the inception of the E-rate program. With vastly improved Internet connectivity, programs yielding measureable improvements are possible. One online program has increased reading aptitude by providing students with stimulating current events articles tailored to specific reading levels and slowly providing more difficult literature as the

⁹ The Lower Kuskokwim District in Bethel, Alaska, is one of the largest in Alaska, covering 44,000 square miles and serving over 3,700 students, most of which are of Yup'ik Eskimo heritage.

student progresses.¹⁰ Graduation rates and student test scores have increased due in part to the increased access to educational tools provided by the Internet and specifically, the E-rate program. As Dr. Darla Jones, Anchorage’s Secondary Education Technology Coordinator, states: “If the Internet were taken away, we would be lost.”¹¹

The service to anchor institutions through the E-rate and Rural Health Care programs can work together with GCI’s rural last-mile (largely wireless) networks that are currently supported by the high-cost fund to provide the foundation for broadband service once the middle-mile problem is solved. Existing high-cost support is not designed for middle-mile transport, which is not a local exchange service and thus cannot be supported through USF. Instead, high cost USF focuses supporting last-mile distribution where necessary. Nonetheless, the same last-mile networks that are partially funded through the high-cost mechanisms can provide a ready platform to deliver true broadband when adequate terrestrial middle-mile facilities are available.

GCI is not yet prepared to assert that additional USF funds are necessary to fund middle-mile deployment. First, the BIP/BTOP funds have yet to be issued and may affect funding needs. Second, the middle-mile problem may be solved by coupling existing USF revenue flows with (i) lower-cost technical solutions, (ii) new middle-mile revenue streams, and/or (iii) partnerships to help shoulder the deployment burden. These approaches should be part of the assessment prior to creating a new fund. Finally, as discussed below, Lifeline for broadband is critical to securing revenue flows to create sustainable business plans for broadband to be affordable for all users in a community.

¹⁰ EdLiNC and NCTET, *E-Rate: 10 Years of Connecting Kids and Community* 6 (2007), http://www.kempstergroup.com/rf_pdf/NCTETReportE-Rate.pdf.

¹¹ *Id.*

II. TRANSITIONING THE CURRENT UNIVERSAL HIGH-COST SUPPORT MECHANISM TO SUPPORT ADVANCED BROADBAND DEPLOYMENT

The Commission asks whether it should supplement the existing high-cost mechanism with additional programs to fund broadband deployment in unserved areas or transition existing high-cost programs into a redesigned mechanism that explicitly funds broadband services.¹² Deployment of broadband services in rural Alaska will require the continuation of existing universal support mechanisms, as well as the creation of new sources of support. Ongoing high-cost support and programs such as E-rate discounts for rural schools and the Rural Health Care programs for rural health care providers are critical to GCI's deployment of broadband services throughout Alaska. In many areas, GCI relies on universal service support to construct last-mile facilities, including first-time wireless deployment, to provide rural Alaska with voice services. These supported wireless last-mile networks are easily capable of being upgraded to provide advanced broadband services once the middle mile has sufficient capacity to make the added data speeds usable. Thus, to the extent that the Commission decides to transition support for the advancement of broadband deployment, it must recognize that such networks are a necessary component of providing broadband service and will require continued universal support where the market alone will not sustain such service.

Even assuming the necessary support, GCI foresees a five- to ten-year timeframe for construction of a TERRA-style terrestrial middle-mile network. Given Alaska's unique challenges in terms of terrain, weather and environmental considerations, and the extremely short construction season available in most of Alaska, any transition of funds

¹² *USF/ICC Public Notice* at 2.

from existing support to broadband support programs should account for the fact that unrealistic timetables are unlikely to speed deployment.

One step the Commission can take to ensure the development of broadband networks in these rural, hard-to-serve areas is to ensure that USAC and the states do not take an overly restrictive view of what constitutes “the provision, maintenance and upgrading of facilities and services for which support is intended” under Section 254(e) and 47 C.F.R. § 54.7. The high-cost fund should support broadband network upgrades across a carrier’s high-cost areas, irrespective of service area boundaries, because (1) network topologies and configurations vary; (2) carriers must build-out or acquire robust middle-mile capacity often across large areas; and (3) Section 254(b)(3) calls for access to “advanced telecommunications and information services” in rural, insular, and high-cost areas. To be clear, GCI is referring here to the use of universal service funds once distributed, and not to the determination of how those funds are distributed.

III. COMPETITIVE LANDSCAPE

The Commission also asks how carrier of last resort (“COLR”) obligations affect the economics of deploying broadband in rural areas, stating that virtually all incumbent local exchange companies operating in high-cost areas have COLR obligations, while other providers in such areas do not.¹³ As an initial matter, GCI wants to make clear that the Commission should not assume that only ILECs fulfill COLR obligations. Some states allow the designation of more than a single COLR.¹⁴ The Regulatory Commission

¹³ *Id.*, at 6.

¹⁴ *See, e.g.*, Alaska Admin. Code tit. 3, 53.290; Hawaii determines the carrier of last resort via a bidding process, *see* Haw. Code R. § 6-81-55; Missouri designated the ILEC as the COLR, but allows other LECs to apply for COLR status as well, *see* Mo.

of Alaska (“RCA”), for example, has adopted regulations that enable it to allocate COLR obligations among multiple facilities-based local exchange carriers.¹⁵ The RCA has not created specific criteria for designating a different COLR, but in practice incumbent and competitor obligations do not differ. Indeed, there is actually no regulation or order in Alaska that defines the duties of a COLR. Rather, ILECs provide service in accordance with their tariffs, which include line extension provisions. The line extension tariffs vary, but typically oblige the incumbent to provide a certain amount of construction at no cost, beyond which the consumer has to bear any additional expenses. The same is true for competitive providers like GCI. GCI must, and does, provide service to every customer that requests service, consistent with its tariff.

In no event should the Commission implement a National Broadband Plan or universal service mechanisms that limit USF participation to only a single COLR.¹⁶ If the Commission defines some new COLR obligations for receipt of universal service support for broadband, it should clearly define those requirements and allow any entity willing and able to meet those requirements to participate. Such action would be consistent with previous Commission conclusions that limiting universal service support

Code Regs. Ann. tit. 4, § 240-31.040; *see also* S.C. Code Ann. § 58-9-280 (contemplating the existence of multiple COLRs).

¹⁵ Alaska Admin. Code tit. 3, 53.290 (“The incumbent local exchange carrier is the carrier of last resort unless the commission by order changes the carrier's responsibilities under this subsection. Upon petition or on its own motion and after an opportunity for a hearing, the commission may reassign carrier of last resort responsibilities, in whole or in part, to one or more facilities-based local exchange carriers.”).

¹⁶ To be clear, GCI does not agree with the premise that imposing a COLR obligation is necessary to achieving ubiquitous broadband. Any competitive market participant is incented to reach as many customers as possible. In the USF context, COLR proposals have tended to be used as a shield against competitive participation, rather than as a positive proposal for improving service or efficiency.

to “only to those carriers that assume the responsibilities of ILECs” would “chill competitive entry into high cost areas” and “violate the principle of competitive neutrality.”¹⁷ Competition and new technologies should reduce the actual cost of providing universal service over time.¹⁸ And as Chairman Genewski recently explained, “promoting competition is one of government’s most powerful tools for spurring innovation because competition is the mother of invention,” and is “the right long-term answer for the country, and for the broadest array of businesses and consumers.”¹⁹

GCI’s deployment to remote villages in Alaska exemplifies how competitors – receiving no more support per customer served than the ILEC and already limited to success-based support – can enter rural markets and establish state-of-the-art services where regulation has failed to motivate the ILEC to do so. In the absence of competitive pressure from CETCs, the ILECs in these villages simply have not delivered services comparable to those available in the relatively urban areas of Alaska. Indeed, eliminating support to CETCs, like GCI, would all but destroy innovation, competition, and, ultimately, expansion of service for the very consumers the universal service fund is supposed to support.

¹⁷ *Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd. 8776, 8857-58 (¶ 144) (1997) (“*First USF Order*”) (citation omitted); *see also id.*, 12 FCC Rcd. at 8855-56 ¶ 142 (rejecting proposals to include COLR obligations on ETCs, in part, because “section 214(e) does not grant the Commission authority to impose additional eligibility criteria”); *see also Federal-State Joint Board on Universal Service*, Recommended Decision, 12 FCC Rcd. 87, 170 (1996).

¹⁸ S. Rep. No. 104-23, at 26 (1995).

¹⁹ Julius Genachowski, Chairman, Federal Communications Commission, Remarks at the Innovation Economy Conference: Innovation in a Broadband World 5 (Dec. 1, 2009).

The Commission has recognized the important role that CETCs play in bringing service to traditionally underserved populations. In 2008, for instance, the Commission adopted an exception to the interim cap on high-cost universal service support for competitive eligible telecommunications carriers that serve tribal lands, including Alaska Native regions. “Because many tribal lands have low penetration rates for basic telephone service,” the Commission did “not believe that competitive ETCs are merely providing complementary services in most tribal lands, as they do generally.”²⁰

Moreover, it is important to recognize that just because ILECs in some areas have organized themselves into numerous small companies, that does not mean that such an industry organization is efficient. For example, GCI is able to provide statewide rural wireless services by utilizing core network capabilities in Anchorage and its statewide transport capabilities. Were GCI's operations to be atomized into numerous isolated and independently operated territories, operational and capital costs would skyrocket; GCI would not be able to provide its rural wireless services to the many currently served remote villages. Consumers will not receive the best service if USF is limited to a single entity.²¹

²⁰ *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service; Alltel Communications, Inc., et al. Petitions for Designation as Eligible Telecommunications Carriers; RCC Minnesota, Inc. and RCC Atlantic, Inc. New Hampshire ETC Designation Amendment*, Order, 23 FCC Rcd. 8834, 8848 ¶ 32 (2008) (citation omitted).

²¹ *See generally* David E.M. Sappington, *Harnessing Competitive Forces To Foster Economical Universal Service*, filed in CC Docket No. 96-45 attached to the letter of Tina M. Pidgeon, Vice President, Federal Regulatory Affairs, GCI, to Marlene H. Dortch, Secretary, FCC (Dec. 19, 2003) (attached hereto).

IV. HIGH-COST FUNDING OVERSIGHT

The Commission asks what “appropriate oversight and accountability mechanisms would be needed to minimize waste, fraud and abuse to ensure that recipients of any broadband high-cost support use the funds as envisioned.”²² Effective oversight of any broadband high-cost support must focus on the fundamental purpose of the universal service program: access to advanced telecommunications and information services at just, reasonable, and affordable rates.²³ Thus, oversight efforts must strive to maximize the benefits the fund delivers to consumers, while minimizing administrative costs and obstacles. The principles of accountability and transparency should guide the Commission in these efforts.

The Commission must hold recipients of any high-cost support accountable (whether for broadband or for voice only) for providing adequate service with the support received. But the Commission can only ensure that any such support is used “as envisioned” if it clearly articulates the vision and develops appropriate broadband performance standards against which fund recipients can be measured. Indeed, as Congress has recognized, defining outputs and outcomes for federal programs is essential to proper management and oversight, and to prevent waste, fraud, and abuse.²⁴

²² *USF/ICC Public Notice* at 6.

²³ 47 U.S.C. § 254(b).

²⁴ *See, e.g.,* Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (codified in scattered sections of 31 U.S.C.) (finding that “(1) waste and inefficiency in Federal programs undermine the confidence of the American people in the Government and reduces the Federal Government’s ability to address adequately vital public needs; (2) Federal managers are seriously disadvantaged in their efforts to improve program efficiency and effectiveness, because of insufficient articulation of program goals and inadequate information on program performance; and (3) congressional policymaking, spending decisions and program oversight are seriously handicapped by insufficient attention to program performance and results.”); *see also*

Performance standards for any broadband high-cost support should not, however, take the form of a rigid, monolithic, and unrealistic broadband throughput minimum. Thus, while ubiquitous high-throughput service should be the ultimate goal, strict minimum thresholds should not foreclose benefits to extremely remote communities that cannot meet the thresholds because they are served via a satellite middle mile and/or a wireless last mile. The Commission should focus on service goals and consumer demand for different services, rather than defining broadband in a way that treats throughput as an end in itself.

Strategic community institutions such as hospitals, schools, and governments may require very high throughput levels. If so, they will need enterprise-level capability delivered to a very limited number of locations, making dedicated transmission facilities economically feasible. Alternatively, consumers of fixed mass-market broadband service may require lower bandwidth than these enterprise services. But serving these consumers means delivering this capability to millions of homes across the nation, making dedicated facilities economically infeasible. Mobile broadband service presents a different case. Current mobile consumers do not require as much bandwidth as fixed enterprise customers, and mobility creates unique technical challenges. A single definition of broadband with a single mbps-based threshold that applies to enterprise, mass-market fixed, and mobile customers would be a mistake.

Once performance measures are identified, recipients must be held to those measures through sensible audit triggers, by making funding information available to the

D. Osborne & T. Gaebler, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector* 139 (Plume 1993) (“Traditional bureaucratic governments . . . focus on inputs, not outcomes. . . . They pay little attention to outcomes – to *results*.”) (emphasis in original).

public and extending existing debarment provisions to any broadband high-cost program. Conversely, while recipients need to be held accountable, the administration of the programs themselves must follow a timetable that is cognizant of the needs of beneficiaries and providers.

Moreover, there can be no accountability without transparency. The public must have access to information underlying the disbursement of broadband high-cost support to effectively hold service providers and USAC accountable for those disbursements. A series of simple mechanisms, including making funding applications and cost support data publicly available, would empower fund beneficiaries and competitors to monitor the funding process for waste and abuse, catch and remedy simple errors, and evaluate program effectiveness. Moreover, by harnessing the public interest in this fashion, the Commission can significantly improve program administration without increasing its or USAC's administrative burdens.

V. LIFELINE/LINK UP

Finally, the Commission asks about “extending low-income support to establish a Broadband Lifeline/Link Up program.”²⁵ GCI strongly supports such an initiative. Adding broadband to the list of services that the Lifeline/Link Up program supports would be particularly beneficial in remote areas of Alaska, providing customer-driven, demand-side assistance that can reduce the price point for broadband, increase broadband adoption rates, and, in turn, allow rural providers to expand build-outs and leverage existing infrastructure to provide advanced services. Such support to end users could generate a strong broadband customer base, replicating the successful support programs

²⁵ *USF/ICC Public Notice at 6-7.*

